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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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NORTHERN CAPITAL ASSOCIATES XII, LP, and :
NORTHERN LEASING SYSTEMS, INC., :
Plaintiffs and : 09 Civ. 01226 (LBS)
Counterclaim Defendants, : ECF Case
- against - :
SOVEREIGN BANK, a federal savings bank, :
Defendant and :
Counterclaim Plaintiff. :
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**ANSWER TO
COUNTERCLAIMS**

Pursuant to Rules 8 and 12 of the Federal Rules of Civil Procedure, Plaintiffs and Counterclaim Defendants Northern Capital Associates XII, LP ("Northern Capital") and Northern Leasing Systems, Inc. ("Northern Leasing") (collectively "Northern"), by their counsel Moses & Singer LLP, hereby answer the counterclaims of Defendant and Counterclaim Plaintiff Sovereign Bank ("Sovereign" or the "Bank"), a federal savings bank. In response to all paragraphs of Sovereign's counterclaims, Northern denies each and every allegation except as expressly admitted herein. Northern responds specifically as follows:

FIRST COUNTERCLAIM
(Declaring Northern's Breach of the MLSA)

36. Denies the allegations contained in Paragraph 36, except admits that Sovereign is the lender and Northern Capital is the borrower under the MLSA and refers the Court to the MLSA for the terms of the parties' agreement.

37. Denies the allegations contained in Paragraph 37 and refers the Court to the MLSA for the terms of the parties' agreement.

38. Denies the allegations contained in Paragraph 38 and refers the Court to the MLSA for the terms of the parties' agreement.

39. Denies the allegations contained in Paragraph 39.

40. Denies the allegations contained in Paragraph 40 and refers the Court to the MLSA for the terms of the parties' agreement.

41. Denies the allegations contained in Paragraph 41, and specifically denies that Sovereign is entitled to any remedy.

SECOND COUNTERCLAIM
(Declaring Northern's Breach of the MLSA)

42. Northern incorporates its prior responses by reference as if set forth fully herein.

43. Denies the allegations contained in Paragraph 43 and refers the Court to both the MLSA and the 2008 MLSA for the terms of the parties' agreements. Northern avers that, if Sovereign has not, in fact, received full payment, defendants do not, in any event, owe Sovereign payment because Sovereign is in material breach of its obligations to Northern. Northern further avers that it does not owe Sovereign payment because

Northern has a right of offset against the monies Sovereign owes Northern under the MLSA and for Northern's damages caused by Sovereign's failure to perform under the MLSA.

44. Denies the allegations contained in Paragraph 44.
45. Denies the allegations contained in Paragraph 45 and specifically denies that Sovereign is entitled to any remedy.

DEFENSES
FIRST DEFENSE

46. Sovereign's counterclaims fail to state a claim upon which relief can be granted.
47. By reason of the foregoing, the counterclaims should be dismissed.

SECOND DEFENSE

48. Sovereign's counterclaims are barred by the doctrine of waiver.
49. By reason of the foregoing, the counterclaims should be dismissed.

THIRD DEFENSE

50. Sovereign's counterclaims are barred by the doctrine of laches.
51. By reason of the foregoing, the counterclaims should be dismissed.

FOURTH DEFENSE

52. Northern does not owe Sovereign payment because Sovereign is in material breach of its obligations to Northern.

53. Northern has a right of offset against the monies Sovereign owes Northern under the MLSA and for Northern's damages caused by Sovereign's failure to perform under the MLSA.

54. By reason of the foregoing, the counterclaims should be dismissed.

FIFTH DEFENSE

55. Sovereign's counterclaims are barred by the doctrine of estoppel.

56. By reason of the foregoing, the counterclaims should be dismissed.

SIXTH DEFENSE

57. Sovereign's counterclaims are barred by the doctrine of unclean hands.

58. By reason of the foregoing, the counterclaims should be dismissed.

SEVENTH DEFENSE

59. Sovereign's counterclaims are barred by the doctrine of ratification.

60. By reason of the foregoing, the counterclaims should be dismissed.

PRAYER FOR RELIEF

WHEREFORE, Northern respectfully requests that the Court enter judgment in favor of Northern and against Sovereign on its counterclaims as follows:

1. Denying all relief sought by Sovereign;
2. Dismissing the counterclaims, with prejudice;
3. Awarding Northern its costs and reasonable attorneys' fees incurred in connection with the counterclaims;

4. Awarding Northern the relief sought in its Complaint, and
5. Awarding all such other relief as the Court may deem just and proper.

Dated: April 23, 2009
New York, New York

MOSES & SINGER LLP

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